



U.S. Department of
Transportation

Office of the Secretary
of Transportation

NEW

NOTICE OF ACTION TAKEN

August 6, 1998

This serves as interim notice to the public of the action described below, taken orally by the Department official indicated; the confirming order or other decision document will be issued as soon as possible.

Joint Application of AMERICAN AIRLINES, INC. and IBERIA LINEAS AEREAS DE ESPANA, S. A
filed 10/2/97 in Docket Undocketed for:

XX Statement of Authorization for American Airlines (and its regional affiliates American Eagle Airlines and Executive Airlines ¹), under Part 207 of the Department's regulations to display Iberia Airlines' "IB" airline designator code on a blind-sector basis on flights operated by American in the following markets:

Miami- Guatemala City, Guatemala
Managua, Nicaragua
Panama City, Panama

Miami-San Jose, Costa Rica
San Pedro Sula, Honduras
San Salvador, El Salvador
Cancun, Mexico

Applicant reps: Carl B. Nelson, JR. (202) 496-5647 (AA) DOT Analyst: Gerald Caolo (202) 366-2406
William Karas (202) 429-6223 (Iberia Airlines)

DISPOSITION

XX **Granted, subject to conditions (see below)**

The above action was effective when taken: August 6, 1998, and will remain in effect indefinitely, subject to the conditions listed below.

XX Under assigned authority (14 CFR 385) by:

Paul L. Gretch, Director
Office of International Aviation
(Petitions for review may be filed from now until
10 days after the confirming order/letter issues.
Filing of a petition shall not stay the effectiveness of this action.)

XX **Authority granted is consistent with the aviation agreement between the United States and Spain.**

(See Next Page)

¹ Subsequent to this application, the Department reissued and transferred the certificate of Simmons Airlines d/b/a American Eagle to American Eagle Airlines and Executive Airlines and the operations of Flagship Airlines and Wings West Airlines were merged into American Eagle. This reissued authority is reflected here. See Order 98-5-12.

Except to the extent exempted or waived, this authority is subject to the terms, conditions, and limitations indicated: **XX Holder's certificate of public convenience and necessity (American)**

Conditions:

The authority granted is subject to the following conditions:

(a) The statements of authorization will remain in effect only as long as (i) American Airlines and Iberia Airlines continue to hold the necessary underlying authority to operate the code-share services at issue, and (ii) the code-share agreement providing for the code-share operations remains in effect.

(b) American Airlines and/or Iberia Airlines must promptly notify the Department (Office of International Aviation) if the code-share agreement providing for the code-share operations is no longer effective or the carriers decide to cease operating all or any portion of the approved code-share services.²

(c) The code-sharing operations authorized must comply with 14 CFR 399.88 of the Department's regulations and any amendments to the Department's regulations concerning code-share arrangements that may be adopted and are further expressly conditioned upon the requirement that the foreign air transportation in question be sold in the name of the carrier holding out the service in computer reservation systems and elsewhere; that the carrier selling such transportation (i.e. the carrier shown on the ticket) accept all obligations established in the contract of carriage with the passenger; and that the passenger liability of the operating carrier be unaffected.

Remarks: The Department previously granted authority to American and Iberia to provide code-share service in numerous markets between the United States and Spain and beyond to the extent that extrabilateral authority and French points were not involved.³ We deferred action on the code-share services at issue here in light of comments raised by interested parties regarding U.S.-Central America competition. The issue of competition was at that time being considered in the American/TACA Group Case, Docket OST-96-1700. See Notice of Action Taken, dated April 30, 1998, Docket OST-98-2965.⁴ The Department now has approved the American/TACA code share and imposed conditions on that relationship to address the competition issue. (See Order 98-5-26). In these circumstances, we found that it was in the public interest to proceed with the carriers' request to operate these bilaterally-authorized services.

*An electronic version of this Notice is available on the World Wide Web at
<http://dms.dot.gov/general/orders/aviation.html>*

² We expect that this notification be received within 10 days of such non-effectiveness or of such decision.

³ On May 20, 1998, United Air Lines, Inc. filed a petition for review of staff action regarding approval of code-share services by American and Iberia and its regional affiliates in the Madrid-Rome market. We will address that petition separately.

⁴ The pleadings relating to this portion of the American/Iberia application were fully described in the April 30, 1998 Notice.